



**Chair's Remarks for Cabinet
on June 14, 2017:
TB/MBC Report-In from June 13, 2017**

[Tab 4] – TB/MBC Report-In

- I would like to highlight three items reporting-in from the June 13th TB/MBC meeting.

Profile Items:

1. Restructuring Plan:

- The Board received the report back from the Ministry of Finance (MOF) on a negotiated plan to support the restructuring of Stelco to help the company emerge from Companies' Creditors Arrangement Act (CCAA) protection, which it filed in September 2014.
- The restructuring plan would allow Stelco to continue operations in both sites (Hamilton and Nanticoke) and includes provisions to support the legacy pension plans and other post-employment benefits, and addresses the legacy environmental liabilities associated with the Stelco lands.

- Under the negotiated terms, the Province would provide three loans to support the restructuring process and ensure that there are sufficient funds to meet the other post-employment benefits obligations as agreed to by the company and other parties.
 - As one of the loans is negotiated to be interest-free, there would be a fiscal impact equal to the forgone interest, estimated to be \$275,000 in 2017-18, fully offset from within MOF's approved allocations.
 - All three loans are secured and expected to be repaid in full. However, in the event that Stelco is unable to repay the loan, there may be a fiscal impact depending on how much the Province can recover from the security.
- In addition, the Board approved a two-staged procurement strategy to support the administration of legacy pension plans once Stelco emerges from CCAA protection.
- The negotiated restructuring plan is expected to come into effect on June 30, 2017.

2. Ontario Fair Hydro Plan Regulations Report Back

- Ontario's Fair Hydro Act, 2017 received Royal Assent on June 1, 2017. The Ministry has brought forward proposed new regulations and amendments to existing regulations for the Board's recommendation prior to proceeding to Cabinet for approval. The proposed regulations include the program parameters and details for a number of initiatives including the implementation of global adjustment refinancing and the delivery of electricity social programs (Rural or Remote Rate Protection, Distribution Rate Protection and the On-Reserve First Nations Delivery Credit).
- The Ministry will be returning to the Board on June 27th with additional regulations (related to the Global Adjustment and the Ontario Electricity Support Program) prior to proceeding to Cabinet for approval and with an update on previously minuted report back requirements.

3. Affordable Housing Program Design – Disposition of Grosvenor/Grenville and Part of West Don Lands

- The Ministries of Infrastructure and Housing reported back to TB/MBC with the program design, evaluation criteria and performance measures of the pilot program to leverage provincial surplus properties in order to support the development of affordable housing units, which was approved by the Board.

- The first wave of projects was approved, which includes 27 Grosvenor/26 Grenville and two parcels of land within the West Don Lands in Toronto. The ministries will report back to request approval for future waves of the program, which will include the former Thistletown Regional Centre in Toronto and the former Hamilton Psychiatric Hospital.
- The Grosvenor/Grenville property is to be sold below market value with a requirement that 30% of units built be devoted to affordable rental housing. The transaction is expected to generate a net gain of \$7M to the Province. The Ministry of Housing would incur an appropriation expense to reflect the forgone revenue, estimated at \$50M.
- The blocks within the West Don Lands will be leased to developers for a term of 49 years, with an option to renew, at a rate below the market lease rate. The developers will be required to include 25% to 30% affordable rental housing. The lease subsidy is expected to range from \$86M to \$100M over the lease term.
- Terms and conditions will be included in the Agreement for Purchase and Sale as well as the lease agreements to allow the province to seize the land or seek financial compensation if developers fail to fulfill the obligation of maintaining affordable units.

- The Ministry of Housing and the Ministry of Infrastructure will report back with transaction details and seek approval prior to finalizing the transactions.

[The Decision Summaries for the remaining items [6] reporting in from the June 13th TB/MBC meeting are in the red sleeves of the green folders].

Meeting Attendees

June 13, 2017: Ministers Sandals (Chair), Sousa, Chiarelli, Albanese, Flynn and McMahon. Advisor Baker.